

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC	)	
COOPERATIVE, INC. FOR DEVIATION	)	CASE NO. 92-439
FROM 807 KAR 5:006, SECTION 7(6)	)	

O R D E R

On October 27, 1992, the Commission denied a request by Owen Electric Cooperative, Inc. ("Owen") for a deviation from 807 KAR 5:006, Section 7(6), governing customer deposits. Rather than refund interest on deposits annually, Owen proposed to compound interest annually and refund the compounded interest at the time the deposit is refunded which is normally after three years of satisfactory payment history. The Commission found that Owen had not provided sufficient support to justify granting the requested deviation.

On November 10, 1992, Owen submitted a letter from its general manager providing additional information concerning its requested deviation. The Commission is treating this letter as a request for reconsideration of our original decision.

In its request for reconsideration, Owen contends that its policy of retaining and compounding interest provides its members with a benefit comparable to the annual refunding of simple interest required by the regulation and that refunding interest annually would add no significant value for its members. Owen points out that, since the inception of its deposit policy in 1979,

it has developed specialized computer software to account for consumer deposits and interest, and that modifying this software would require significant expense to its members. Owen also points out that annual refunding of interest would effectively triple the number of refunding transactions, which must be checked and monitored for accuracy, with a resultant increase in administrative expense. Owen maintains that by granting the requested deviation the Commission will allow Owen's members to receive benefits equivalent to the benefits afforded under the regulation without incurring the additional expense that the regulation would impose.

After a review of Owen's request for reconsideration, and being otherwise sufficiently advised, the Commission finds that Owen has provided adequate support to justify granting the requested deviation.

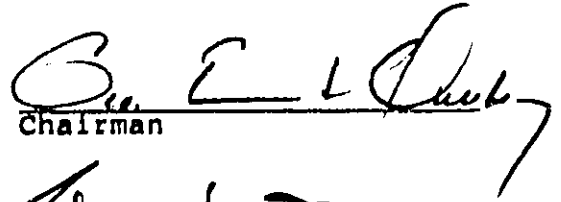
IT IS THEREFORE ORDERED that:

1. Owen's request for a deviation from 807 KAR 5:006, Section 7(6), be and it hereby is granted.

2. Ordering paragraphs 1 and 2 of the Commission's Order of October 27, 1992 be and they hereby are rescinded.

Done at Frankfort, Kentucky, this 30th day of November, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director